

# STATE OF MONTANA TERM CONTRACT

DEPARTMENT OF ADMINISTRATION  
PURCHASING BUREAU  
165 MITCHELL BUILDING  
HELENA MT 59620-0135  
PHONE: (406) 444-2575 FAX: (406) 444-2529  
www.mt.gov/doa/ppd/index.htm

T.C. #352-W

BRIDGES/ROUTERS

CONTRACT PERIOD	FROM	July 9, 1997	CONTRACT YEAR	NEW ( )
	TO	July 8, 1998		RENEW (XX) 6th Year
VENDOR ADDRESS	Cisco Systems, Inc. 404 S. 8th Street, Ste 310 Boise ID 83702		ORDER ADDRESS	Cisco Systems, Inc. 404 S. 8th Street, Ste 310 Boise ID 83702
ATTN:	Bill Johnson		ATTN:	Bill Johnson
PHONE:	(208) 387-0222		PHONE:	(208) 387-0222
FAX:	(208) 387-0234		FAX:	(208) 387-0234

PRICES ➤ GENERAL - 26% off list price (with exceptions)

DELIVERY ➤ As required per Agency purchase order

F.O.B. ➤ Destination; freight prepaid

TERMS ➤ Net 30 Days

## REMARKS:

This contract may be utilized by the University System and Department of Administration, Information Services Division only.

Contact Ron Dobmeier at (406) 444-3020 for current pricing information.

GARY D. WILLEMS, Contracts Officer

AUTHORIZED SIGNATURE/DATE

**STATE OF MONTANA - TERM CONTRACT**  
**Standard Terms and Conditions**

**The following standard terms apply unless specifically stated otherwise within the term contract.**

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**REFERENCE TO CONTRACT**

The contract (Purchase Order) number MUST appear on all invoices, packing lists, packages and correspondence pertaining to the contract. Furnish all invoices in triplicate.

**SHIPPING**

Goods shall be shipped prepaid, F.O.B. Destination. In the event the terms specify F.O.B. Shipping Point, shipping charges will be prepaid and itemized as a separate line item on invoicing. Such shipments shall be via the least expensive way. The State reserves the right to refuse any C.O.D. delivery.

**PAYMENT TERM**

All payment terms will be computed from the date of delivery of goods OR receipt of a properly executed invoice, whichever is later. The State is allowed 30 days to pay such invoices.

**TAX EXEMPTION**

The State of Montana is exempt from Federal Excise Taxes (#81-0302402).

**HAZARDOUS CHEMICAL INFORMATION**

The contractor shall provide one set of the appropriate material safety data sheets and container label upon delivery of a hazardous chemical to the user agency. All safety data sheets and labels will be in accordance with the OSHA "Hazard Communication Rule", 29 CFR 1910 and 50-78-101 through 50-78-402 MCA.

**VENUE**

This contract is governed by the laws of Montana. The parties agree that any litigation concerning this bid, proposal or subsequent contract must be brought in the First Judicial District in and for the County of Lewis and Clark, State of Montana, and each party shall pay its own costs and attorney fees.

**NON-DISCRIMINATION**

The contractor must comply with the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973.

All hiring for goods and services purchased by this contract must be on the basis of merit and qualifications; there may not be discrimination on the basis of race, color, religion, creed, political ideas, sex, age, marital status, physical or mental disability, or national origin by the persons performing this contract.

The State of Montana does not discriminate on the basis of disability in admission to, access to, or operations of its programs, services, or activities. Individuals who need aids, alternative document formats or services for effective communications or other disability-related accommodations in the programs and services offered, are invited to make their needs and preferences known to this office. Please provide as much advance notice as possible for requests.

**HOLD HARMLESS/INDEMNIFICATION**

The contractor agrees to indemnify the state, its officials, agents, and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands and causes of action of any kind or character, including the cost of defense, arising in favor of the contractor's employees or third parties on account of bodily or personal injuries, death, or damage to property arising out of services performed, goods or rights to intellectual property provided or omissions of services or in any way resulting from the acts or omission of the contractor and/or its agents, employees, subcontractors or its representatives under this agreement, all to the extent of the contractors negligence.

**ACCESS AND RETENTION OF RECORDS**

The contractor agrees to provide the Department, Legislative Auditor or their authorized agents, access to any records necessary to determine if the contract has been complied with. The contractor agrees to create and retain records supporting the services rendered (or goods delivered) for a period of three years after either the completion date of this contract or the conclusion of any claim, litigation or exception relating to this contract taken by the State of Montana or third party.

**CONFORMANCE WITH INVITATION FOR BID/PROPOSAL**

No alteration in any of the terms, conditions, delivery, price, quality, quantities or specifications of the order as established by quotation from the contractor, shall be granted without prior written consent of the Purchasing Bureau. Goods delivered which do not conform to the contract terms, conditions and specifications may be rejected and returned at the contractor's expense.

State agencies will place orders directly with the contractor during regular working hours. Orders may be placed by phone and will be confirmed with a written memo or purchase order. The agency will reference the term contract number on all purchase orders or correspondence pertaining to the contract.

Revised 05/98

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**SECTION 1**

**INTRODUCTION**

**1 Purpose**

The purpose of this Multi protocol Bridge/Router Term Contract is to expedite the purchasing process for the Information Services Division (ISD) and the Montana University System requesting multi-protocol bridge/router equipment included under the contract. The above listed divisions which order equipment must use the procedures outlined in Section 2.

**1.1 Contractor/Subcontractor**

Cisco is the contractor. It shall not assign any part of this or a subsequent contract to a third party without first obtaining the written consent of the State. Cisco will provide all product service, including warranty service and any other support purchased under this contract.

**1.2 Liaison**

**1.2.1 Contractor Liaison**

Bill Johnson  
Cisco Systems Inc.  
404 S 8th St. STE. 310  
Boise ID 83702  
Phone: (208)387-0222  
Fax: (208)387-0234

**1.2.2 Product Service Liaison**

Peter Hebener  
Technical Support Manager  
Cisco Systems, Inc.  
606 Columbia Street N.W.  
Olympia, WA 98506  
Telephone (206) 352-3657  
Fax (206) 352-2568

**1.2.3 "Deleted"**

**1.2.4 Contract Management Liaison**

This contract is managed by the Information Services Division of the Department of Administration for the State of Montana in accordance with 2-17-501, MCA. Contract management inquiries and problems should be addressed to:

Ron Dobmeier  
Information Services Division  
Department of Administration

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Helena, MT 59620-0113  
Telephone: (406)444-3020  
Fax: (406)444-2701

1.2.5 "Deleted"

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**SECTION 2**  
**CONTRACT TERMS AND CONDITIONS****2 Contract Provisions**

This contract, RFP 140-V, Addendum #1 and #2 to RFP 140-V, and the proposal response (as modified by the Best and Final Offer) are hereby incorporated into and made part of this contract. These documents shall supersede all previous contract documents and any Cisco standard contracts, invoices, shipping documentation, or other documentation provided to the State of Montana, and shall represent the complete contract between the State of Montana and the contractor. In the event that a conflict arises as to the meaning of the terms or obligations recited in any of these documents, the following order of precedence shall apply, with item one (1) being of greatest importance:

- 1) Multi-Protocol Bridge/Router Term Contract #352-W dated July 9, 1992.
- 2) Request for Proposal #140-V, dated February 7, 1992 as amended.
- 3) Cisco's Best and Final response dated April 20, 1992.
- 4) Cisco's Initial Proposal dated March 18, 1992.

Only a contract addendum, signed by the contractor and the Purchasing Bureau, may modify the terms and conditions of this contract. ISD and the University System, the agencies purchasing under this contract, can only encumber the State in accordance with the terms of this contract.

The heading or captions of the sections and subsections of this contract are inserted for convenience only, shall not be deemed to be part of this contract, and in no way define, limit, extend or describe the scope of intent of any provisions hereof.

**2.1 Delivery/Installation Damages**

The agency's required date for the equipment delivery shall be stated on the agency purchase order. If no date is specified, a delivery date of no more than forty-five (45) days from date of receipt of order, is expressly implied.

The contractor must acknowledge the delivery date in writing. If no acknowledgment is received, the order will be deemed to have been received no later than seven (7) business days after purchase order date, which is the date on the purchase order form and should be the date the purchase order is prepared. The delivery date will be deemed to be acceptable to the contractor if no explanation of a required alternative schedule is received in writing within fourteen (14) days of the order date. IF NO WRITTEN REQUEST FOR AN ALTERNATIVE DELIVERY SCHEDULE IS RECEIVED WITHIN THE TIME FRAME OUTLINED ABOVE, THE AGENCY'S REQUIRED DELIVERY DATE SHALL BE BINDING.

Once the contractor's written request for an alternative delivery date is received by the agency, the agency and the contractor will negotiate an

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acceptable delivery date. If the agency and the contractor cannot agree upon a delivery date, the agency may cancel the purchase order and purchase the equipment from a supplier who can meet the delivery date.

If the contractor supplies a written request for an alternate delivery date to the address listed as the "ship to" address on the purchase order, the alternate delivery date shall be deemed acceptable as the agency approved scheduled delivery date unless the contractor receives either a verbal or written disapproval notification, within fourteen (14) days from the date of the request for alternate delivery.

For the duration of this term contract the State specifies that the scheduled delivery date shall on average be no later than fortyfive (45) calendar days from the date the purchase order is received by the contractor. The contractor shall make best efforts to accommodate this requirement. The State may opt to remove an item from the term contract without penalty or liability if three (3) or more cases of contractor failure to provide an item within forty-five (45) calendar days from the date of the order are documented.

If the delay is more than thirty (30) calendar days past the agreed to delivery date, then by written notice to the contractor, the State may terminate the right of the contractor to deliver the ordered merchandise and/or service and the State may obtain substitute equipment and service. The contractor shall also be liable for all preparation and shipping costs for contracted items returned under this clause.

The contractor is required to provide to the Contract Management Liaison a monthly report (postmarked no later than the 10th of the succeeding month) of all outstanding orders. The report shall list all orders outstanding (as of the last day of the month), the four (4) digit agency number, purchase order number, date the order was received by contractor, and scheduled ship date.

Except with respect to defaults of its subcontractors, the contractor shall not be liable for damages when delays arise out of causes beyond its control and without the fault or negligence of the contractor. Such causes may include, but are not limited to, acts of God or of the public enemy, acts of State in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes and unusually severe weather. In every case, the delays must be beyond the control and without the fault or negligence of the contractor. If the delays are caused by the default of a subcontractor, and such a default arises out of sources beyond the control of both the contractor and subcontractor, the contractor shall not be liable for damages for delays, unless the supplies or services to be furnished by the subcontractor could be obtained from other sources in sufficient time to permit the contractor to meet the required delivery schedule. Causes of potential delay which are apparent at the time the scheduled delivery date is set, or reasonably should have been apparent, and ultimately cause the delay which could have

been anticipated, shall not be excused or waived.

## **2.2 Documentation Requirements**

Documentation must be provided, at no cost, for each site requested by the State, a copy of the operations and maintenance manuals and drawings necessary for the proper utilization of the equipment. These shall include, but are not limited to, the following:

- 1) The installation instructions for each site.
- 2) Maintenance methods and procedures for each item of equipment installed.
- 3) Operating procedures and methods, including diagnostic and test procedures.

## **2.3 Governing Laws - Venue**

The contract is governed by the laws of only the State of Montana. Any litigation arising from this contract shall be heard or filed in the First Judicial District in and for Lewis and Clark County, Montana. Each party shall pay its own legal fees and costs. The contractor shall comply with all applicable Federal, State, and local government regulations, and fair labor standards.

## **2.4 Limitation of Liability**

Cisco's entire liability, except for claims for personal injury or death, shall be limited to the greater of \$1,000,000.00 per incident or the money paid to Cisco under this agreement during the six (6) month period preceding the incident or circumstances giving rise to such liability, whether in contract, tort (including negligence) or otherwise.

## **2.5 Notice**

The contractor must provide in writing all notices, instructions, and other communications, required or permitted in this contract. Notice by the contractor or state of Montana shall be deemed made on the date received or originally refused (if sent by certified or registered U.S. mail or by commercial express service).

## **2.6 Ordering Procedure**

In accordance with the terms of this contract, an agency purchase order must be issued to procure any item so provided. The purchase order will identify all items desired, the purchase order date, the desired delivery date, shipping locations, and prices. PURCHASE ORDERS ARE VALID ONLY IF APPROVED BY THE CONTRACT MANAGEMENT LIAISON WHO IS AUTHORIZED TO APPROVE STATE AGENCY DATA PROCESSING HARDWARE ACQUISITIONS.

Orders shall reflect term contract prices in effect on the date of order issuance. When term contract prices or special promotions are about to expire, the agency initiating the order is responsible for calling or



faxing the order information, on or before the expiration date. When so notified of an order prior to price increases or expiration of price reductions, the contractor shall honor the lower price(s), independent of equipment shipping date.

The University System and/or ISD may cancel purchase orders, and return and reject equipment delivered at the contractor's expense, if any item on an order fails to conform to contract terms, conditions, or specifications. If either the University System and/or ISD chooses to cancel an order for administrative reasons, every effort will be made to provide the contractor with advance notice. The state will not be liable for any costs incurred by the contractor due to order cancellation. The University System and ISD will work with the contractor to mitigate any costs associated with a cancellation by assisting to find an alternative purchaser, where possible.

## **2.7 Patent and Copyright Protection**

The contractor will defend at its own expense any suit which may be brought against the State for the infringements of any patents or copyrights by the equipment or products furnished hereunder and in any such suit will satisfy any final award for such infringement. The State shall give the contractor prompt written notice of any such suit and full right and opportunity to conduct a defense thereof, together with full disclosure of all relevant information and the State's reasonable cooperation; and upon further condition that the claimed infringement does not result from the combination of equipment or products furnished hereunder with other equipment, apparatus or devices not furnished hereunder.

If principles of governmental or public law are involved, the State shall have the option to participate in the defense of any such action. If, in the contractor's opinion, the equipment or products furnished hereunder are likely to, or do, become the subject of a claim of an infringement of any patent, then without diminishing contractor's obligation to satisfy said final award, the contractor may at its option substitute for the alleged infringing equipment or products other equally suitable equipment or products satisfactory to the State; or at contractor's option and expense, obtain the right for the State to continue to use of such equipment or products. If the use of such equipment or products by the State shall be prevented by court action, contractor agrees to take back such equipment or products and refund any sums the State has paid the contractor under this contract.

## **2.8 Performance, Labor and Materials Bond**

The contractor's Performance bond, in the amount of \$100,000, shall be retained for the entire contract period. Should the contractor fail to perform in accordance with the terms of this contract, the State has the right to receive any damages it has suffered from the performance bond.

## **2.9 Price Protection**

This document establishes the price for equipment and/or service for the

term of the contract.

Price reductions will be accepted throughout the term of the contract. The contractor will be required to reduce the term contract price of any item by at least the same percentage as any manufacturer's price reduction. The intent of this requirement is to insure that the State maintains a competitive price relative to the market price throughout the term of the contract. This flexibility will encourage agencies to take full advantage of the term contract provisions.

Price increases over and above the currently established contract price will not be permitted, with the following exception. Price increases may be proposed by the contractor annually at the anniversary date of the contract. Price increase proposals will be granted or denied by ISD after considering the following criteria:

- \*Proposed adjustments result in prices that remain competitive with the industry.

- \*Adjustments to contract prices shall not exceed the rate of increase in equivalent or comparable equipment marketed by other vendors.

- \*Adjustments to contract prices shall not exceed the rate of increase in the cost of living as reflected in the Bureau of Labor Statistics, Consumer Price Index (CPI) for All Urban Consumers (1982-84=100; through April 1992 = 139.5) or any other index which may be substituted in the future. The CPI for the first month of the year of initiation of the contract will be the CPI base on which later adjustments are computed. Each time an adjustment is made, the earlier CPI base will be replaced by the adjusted CPI base. The percentage of adjustment to contract prices shall in no event exceed the percentage change in the index.

## **2.10 Price Quotations**

All prices apply to enhancements and upgrades unless specifically stated otherwise in the contract response.

## **2.11 Problem Resolution**

### **2.11.1 Statewide and ISD issues**

Contractor is required to meet with the Contract Management Liaison to resolve technical or contractual problems that may occur during the term of the contract. Periodic meetings will occur as problems arise and will be coordinated by the Contract Management Liaison. For problem resolution meetings the contractor will be given a minimum of three (3) full working days notice of meeting date, time, and location. Problem resolution meetings may occur on a monthly basis, but will occur as often as problems warrant.

Face to face meetings are desired. However, at the contractor's option and

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expense a conference call meeting may be substituted. Failure to participate in two (2) consecutive meetings, missing or rescheduling two (2) problem resolution meetings, or failure to make a good faith effort to resolve problems, may be considered as a breach of the contract.

#### 2.11.2 Agency Specific Hardware Problems

Contractor shall meet or exceed the following problem resolution response and turnaround times:

Telephone coverage from 8:00 am to 5:00 pm, MST, each business day (Monday through Friday, excepting observed holidays).

One (1) business hour guaranteed technical response, at no additional cost, (by telephone) to telephone calls or messages, each business day (Monday through Friday, excepting observed holidays).

Twenty-Four (24) hours a day seven (7) days a week support is available under "SMARTnet" maintenance services for a fee.

#### 2.11.3 Problem Escalation

If service or a commitment for service is not delivered fast enough to meet the user agency's needs, the agency may contact the product service liaison and ask that a Cisco manager be alerted that a customer has an emergency and needs immediate assistance.

#### **2.12 Prompt Payment**

The ordering agency will pay for the equipment within 30 days from issuance of a signed State purchase order and; a) receipt of a properly executed claim or, b) the delivery and acceptance of all ordered equipment in satisfactory condition, whichever is later. The contractor is responsible for insuring that the contract and purchase order numbers are referenced on all billing/shipping correspondence, billing errors do not occur, and costs are identified for all available equipment or services being offered as part of this contract. The ordering agency will only be responsible for properly invoiced costs clearly set forth in this contract.

#### **2.13 Recurring or Intermittent Problems**

Contractor must support out-of-warranty products which continue to have the same recurring or intermittent problems as were experienced under warranty. This includes no cost repair as if the item(s) were still under warranty, for the same type of warranty service as was initially contracted.

#### **2.14 Severability**

If one or more provisions of the Term Contract are deemed to be unlawful or unconstitutional or stricken by a court of law, all valid provisions that are severable from the invalid provisions remain in effect and are valid and binding on the parties. If any provision hereof is in conflict with any applicable statute or rule of law, then such provision shall be deemed

inoperative to the extent that it may conflict therewith and it shall be modified to conform with such statute, rule of law, court order, or judgement. Failure to exercise any right or remedy by either party under this contract shall not be considered to be continuing or a waiver of the future operation of such term.

### **2.15 Standard of Performance - Acceptance Criteria**

A performance period of thirty (30) calendar days shall commence on the date the equipment is installed and operable at the procuring agency. If equipment can not be installed within the first 30 calendar days after receipt by the agency, the agency will so notify the contractor in writing prior to the 30th day after receipt of the equipment, specifying when the performance period will begin.

If the equipment operates at the manufacturer's published specifications for a period of thirty (30) consecutive calendar days from the commencement of the performance period and meets all the requirements specified in the contract, it shall be deemed to have met the State's standard of performance.

If the equipment fails during the performance period, by becoming inoperable for more than one (1) full working day, the performance period will be terminated. After the equipment is repaired and placed again in operation, a new 30 day performance period will begin.

If successful completion of a thirty (30) consecutive calendar day performance period is not attained within ninety (90) calendar days from the installation date, the agency shall have the option of any one or all of the following:

- 1) terminating the agency purchase order upon written notice without penalty with full refund.
- 2) seeking replacement equipment.
- 3) continuing the performance tests.

The agency's option to cancel the agency purchase order shall remain in effect until such time as a successful completion of the performance period is attained. The contractor shall be liable for all preparation and shipping costs for ordered items returned under this clause. (This includes, but is not limited to, related system units which have been received, but which are incomplete without the delayed unit, and therefore are being returned.)

### **2.16 Substitutions, Additions or Deletions**

#### **2.16.1 Substitutions**

Written notification, in the form of a contract modification, must be received by the purchasing liaison before any equipment substitution is

made.

Product substitution shall require technical evaluation prior to product acceptance. Any product substitution will require a warranty equal to that of the original component.

#### 2.16.2 Substitutions Procedure

The contractor must obtain item substitution approval by sending a letter, with an attached listing of the equipment to be substituted and applicable new product specification/performance information to the purchasing liaison with a copy to the contract management liaison. All substitutions affecting the current term contract must be provided at least thirty (30) days prior to the contractor requested effective date of the revision(s). Substitutions may not be accepted until all testing is successfully completed.

#### 2.16.3 Additions/Deletions

New items or upgrades within the intent of the term contract product line may be added and obsolete or discontinued items or items no longer required by the State may be deleted. Prices for proposed products must be in the same price range, with the pricing discount applied, as similar products already under contract or similar, commercially available products. New products proposed must meet the intent of the term contract and the addition of the product(s) must be in the best interests of the State. The State of Montana reserves the right to test proposed products for compatibility with the minimum requirements of Section 5, "Project Specifications and Requirements" of RFP 140-V.

#### 2.16.4 Addition/Deletion Procedure

The procedure to be used to add or delete items from the contract, and thereby requesting a contract modification, are as follows:

The contractor may propose new items/deletions by sending a letter, with an attached listing of the equipment to be added/deleted and applicable new product specification/performance information to the Computing Policy and Development Unit of Information Services Division. A copy of the letter and attachments must also be sent to the Purchasing Bureau. All additions and deletions affecting the current contract must be provided to Purchasing Bureau and ISD at least thirty (30) days prior to the contractor requested effective date of the revision(s). Additions will not be accepted until all testing is successfully completed.

Approval/rejection of the request will be performed within approximately fifteen (15) days (provided no product testing or evaluation is required). Requested revisions to the contract may be submitted and reviewed under a mutually acceptable expedited schedule, on an exception basis only.

If requested by the contract management liaison, proposed products must be made available for testing and evaluation. The contract management liaison will forward the recommended action to the purchasing liaison for approval

and processing.

If a product testing or evaluation period (to be specified for each request) is required prior to an approval/rejection determination, the contractor will be notified of testing and evaluation requirements within approximately fifteen (15) days after receipt of request for change.

Products submitted for testing and evaluation, must be provided to the State within fourteen (14) working days and be available for testing for at least fourteen (14) working days. Contractors are responsible for inbound shipping. The State will assume responsibility for outbound shipping. While in the possession of the State, products will be preserved in the condition in which they were received, except for normal testing wear and tear.

Support and replacement parts of discontinued items must be available for three (3) years after cessation of manufacture of discontinued products.

#### **2.16.5 Replacement/Addition Criteria**

The products must functionally enhance, upgrade, or replace a product on contract.

The products must be in the same price range as similar products already on contract or similar commercially available products and must have a discount comparable to other products on contract.

The products will be added if the purchasing and contract management liaison determine they meet the intent of the contract and are in the best interest of the State.

#### **2.17 Term of Contract**

The contract shall be for a period of three (3) years from the date of contract validation. This contract may, upon mutual agreement, and according to the terms of the existing contract, be extended at one (1) year intervals for a period not to exceed seven (7) additional years. This extension may be dependent upon legislative appropriations. In no case may this contract run longer than a ten (10) year period. At renewal, prices maybe renegotiated on a case by case basis, providing that prices remain competitive with the industry in accordance with the enclosed "Price Protection" provision.

#### **2.18 Termination**

The State may terminate this contract ninety (90) days from receipt of written notice.

All orders which have already been placed for service shall be honored regardless if the State terminates this contract. If the State wishes to also terminate the service coverage then a proportional share of the pre-paid order shall be refunded (i.e. if the State terminates the contract when one half (50%) of the term of the order has passed, then the contractor is required to refund one half or 50% of the value of that order).

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If the products or services are unacceptable to the State or the conditions of this contract are not complied with, the State of Montana may terminate the contract immediately upon written notice. Written notice shall be made by certified mail.

**2.19 Time and Material Charges**

Contractor will advise the ordering agency of any Time and Material charges in addition to the free warranty services (or any out year maintenance contract), Prior to performing the additional services. The agency will not reimburse time and material expenses (including travel) billed after costs have been incurred and for which prior notification and approval was not received.

**2.20 Transportation and Return of Equipment**

Initial shipment to the installation site shall be made FOB destination. The contractor shall be responsible for all transportation arrangements including insurance. The title for all items will pass at the destination point. However, as part of the cost of the equipment the contractor shall charge the State actual transportation expenses providing the charges do not exceed 115% of the transportation estimates submitted in the contract. Priority transportation expenses will be reimbursed if the purchasing agency has requested the priority transportation in writing.

Should it become necessary to return the equipment for maintenance after the warranty period, the procuring agency will be responsible for all transportation arrangements from the installation site to the destination and the contractor shall be responsible for the transportation arrangements necessary to return the equipment to the installation site.

**2.21 Warranty**

The products on the enclosed price list carry a full, one (1) year free warranty. Free warranty service covers software, parts, labor, and shipping costs.

Contractor warrants that all the equipment supplied under the contract will be new and in good working order. The contractor will make all necessary adjustments, repairs and replacements to correct any defects found upon installation without additional charge. In addition, the equipment must be covered by a manufacturer's warranty. The contractor's own warranty may extend the manufacturer's warranty, but must not replace or void the manufacturer's warranty. The manufacturer's warranty on parts and labor shall commence upon the same date on which the performance period commences. In the case specified above in "Standard of Performance - Acceptance Criteria", where a new performance period takes effect because of equipment failure, the warranty period would restart at the beginning of the new performance period.

The State requires contractor to meet or exceed the following warranty service turnaround times:

Once a system defect is reported, contractor will send a replacement part

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the same business day, provided the failure notification is made before 3:00 pm Pacific time, or the next business day for request made after that time.

NOTE: Parts not returned within ten (10) working days will be invoiced at list price.

As part of the warranty requirements, the contractor is required to maintain a listing of the serial numbers of delivered hardware units, the date of delivery, warranty start date, purchaser (agency) name and address, and the corresponding purchase order number under which the item was ordered. This listing shall be provided in electronic form (Lotus 1-2-3) to the contract management liaison on a monthly basis (beginning exactly one month after the contract award date).